



**Caltrans Statewide Small Business Council  
November 17, 2006 Minutes**

**Caltrans, Office of Civil Rights  
1823 14<sup>th</sup> Street  
Sacramento, CA  
Telephone: (916) 324-0449**

**Statewide Council Members Present:**

**Chaudhary, Arvin** CELSOC  
**Guerrero, Paul** CA Small Business Entrepreneurs  
**Hassoun, Sam** Global Leadership Alliance  
**Hou, Johnathan** Asian Business Association  
**Lee, Jackson** American Indian Apprenticeship  
**LaCome, Diana** National Concilio of America  
**Lau, Eddy** Asian American Architects & Engineers  
**Llewellyn, Rebecca** WCOE  
**Patten, Ezekiel** Black Business Association  
**Yang, William** Asian-American A&Es – So Cal

**Caltrans Staff Present:**

**Kempton, Will** Caltrans Director  
**Carrera, Angel** Civil Rights  
**Alvidrez, Tiffani** Civil Rights  
**Bovirisetty, Rambabu** Programming  
**Blazina, Ann** Civil Rights  
**Carroll, Patrice** Civil Rights  
**Delgado, Marilyn** Civil Rights  
**Dorsey, Norma** District 7  
**Effingor, Rob** Construction  
**Galia, Cris** DPAC  
**Harrison, Marcella** Civil Rights  
**Mason, Anne** Civil Rights  
**Nguyen, Lam** DPAC  
**Padilla, Robert** Civil Rights  
**Peterson, Jerold** Project Management  
**Salais, Janice** Civil Rights  
**Salazar, Victor** Construction  
**Smelser, Jan** DPAC  
**Wallace, Sam** BT&H Agency

**Guests:**

Davis, Sarah GCAP Services  
Rushing, Dyena GCAP Services  
Padilla, Pat DBE Consultant SR 125 Design Build Project  
Fei, Ed Glowlite, Inc.  
Kyle, Sharon HNTB Corporation

### ***Welcome/Introductions/Opening Remarks:***

Angel Carrera served as Chairman for this meeting. He welcomed attendees and announced agenda changes to accommodate Director Kempton's report.

Director Kempton opened the meeting by welcoming and thanking everyone for their support of the bonds and propositions on the ballot. He assured the Small Business (SB) Council that the Governor's Administration is committed to include small businesses share in growth plan opportunities.

The Director shared his outreach activities for the past month. He was in Los Angeles and spoke at a Chamber of Commerce meeting and a small business meeting. He expressed how he and Sam Wallace assisted in facilitating connections to assist specific businesses. He also, provided the following updates on areas of interest:

- Respond to the Prompt Payment issue by possibly submitting a legislative proposal that states when the contractor gets paid, the subcontractor would get paid;
- Adjust insurance liability limits;
- Receive a Certificate of Appreciation Award from the Department of General Services (DGS); and
- Increase small business participation in Caltrans Capital work.

The Director expressed that Caltrans should reach the same DBE goal whether the program is race neutral or race conscious. He expressed the Disparity Study may have similar results to the study just released in the State of Washington.

Several Councilmembers discussed the need to establish a Dispute Resolution Board especially as we try to build small business.

Councilmember Hassoun commented that DGS has a new mandate for DVBE participation on construction contracts and that only 230 DVBEs are certified in the construction trades. He requested that Caltrans obtain a waiver to the new requirements. He further requests DGS recognize Caltrans as a good steward of DVBE participation because Caltrans has met and exceeded the 3 percent overall goal.

Councilmember Llewellyn invited Director Kempton and Sam Wallace to attend the Second Annual Prime Contractor of the Year Award Breakfast on Friday, December 8, 2006 at District 11 Headquarters.

### **CONSTRUCTION:**

Director Kempton stated he advocates for small businesses. Caltrans attorneys advised the Department was grossly underinsured on the aggregate or umbrella coverage at the end of the project. The Specifications state the prime contractor must have a specific amount of insurance. He understands the prime may require the same amount of insurance from the subcontractor as required of the prime contractor.

Director Kempton proposed a change to **Specification 7-1.12B(4)(a) General** of the California Department of Transportation Standard Specifications, "Liability Limits/Additional Insured." that allows the Prime Contractor to require from the SBE subcontractor a level of insurance only for the dollar amount of the work performed on the contract. The Director explained the subcontractors must have off-site insurance even if no work is off-site.

**Action Items:** Councilmember Llewellyn asked Director Kempton for the amount in liability paid out by Caltrans for the last three to five years. Director Kempton offered to get payout for three years.

Pat Padilla suggested the Specifications reference SBEs and DBEs.

Councilmember Guerrero suggested changes to Section 7-1.12B(4)(b) Table sentence 4. to read, “Total Contract Bid,” is the amount of contract awarded to the Contractor. The “Total SBE Subcontract” is the amount of subcontracted work to a certified SBE.” The intent of the proposed language change is to base the subcontractor’s insurance coverage on the value of the subcontractor’s contract and not based on the value of the prime contract.

Councilmember Hassoun suggested changing the limits in section 7-1.12B(4)(b) in the Total Contract Bid, or Total SBE Subcontract from \$1,000,000 - \$5,000,000 to \$1,000,000 - \$10,000,000 and from \$5,000,000 - \$25,000,000 to \$10,000,000 - \$25,000,000. The proposed change is necessary because \$10,000,000 is the gross receipt threshold for claiming state certified small business status. Victor Salazar agreed to send a survey to SBC members on proposed changes to the specifications.

## **ITEM #1: Approval of Statewide SB Council Meeting Minutes**

### **October 20, 2006 Meeting Minutes**

**Motion:** Councilmember Patten

**Second:** Councilmember Hou

**Approved by consensus**

## **ITEM #2: Presentation on the Small Business Plan by Sam Wallace, Business, Transportation & Housing Agency**

Sam Wallace, Small Enterprise Officer provided an update on outreach he has conducted within the past 105 days with city, local governments and workforce development agencies on allocations of Proposition 1A and 1E, which includes airports and waterways. The purpose was to discuss recruitment and training of skills needed for upcoming jobs to carry out the goals of the Propositions.

Mr. Wallace met with small business organizations, chambers of commerce, and DGS to discuss ways in getting small businesses certified to bid on upcoming contracts. He discussed training by workforce development agencies to relate to all funding streams from Propositions 1A through 1E. A series of meetings are planned with prime contractors in January 2007 to get more to bid on Caltrans jobs.

Mr. Wallace is proposing a strategic plan to the Governor on small business participation. Some of the items in the proposal include:

- Ad Hoc Advisory Council to Business, Transportation and Housing Agency that will provide recommendations on small business development and the Strategic Plan. Some of the members will be invited from the Caltrans Small Business Council;
- Surety bond initiative development meetings with surety companies, brokers, and small business representatives to provide technical assistance, oversight monitoring to determine why firms are not bidding on Caltrans work, will announce district by district the number of projects, and will hold networking sessions; and
- Workforce outreach efforts to identify workforce needs anticipated for Propositions.

Mr. Wallace has met several industry and community representatives and proposes the following:

- Maintain a database;
- Goal is to get 10,000 new small businesses certified;
- Report contract dollars awarded to small business; and
- Increase small business contracts within 24 months by \$2 million.

Mr. Wallace asked that if anyone is interested on serving on the Agency Ad Hoc Advisory Council to contact him at [swallace@bth.ca.gov](mailto:swallace@bth.ca.gov). Councilmember Guerrero invited Sam to attend the next La Raza Meeting. Councilmember Lee suggested small businesses are underutilized and prime contractors can assist in providing skills training to meet contract needs.

**Action Item:** Councilmember LaCome requested a report on small business participation.

### **ITEM #3: Presentation on the California Transportation Commission by Rambabu Bovirisetty, Programming**

Mr. Bovirisetty provided an overview of the California Transportation Commission (CTC). Established in 1978 by Assembly Bill 402 (Chapter 1106, Statutes of 1977), the Commission replaced and assumed responsibilities of four independent bodies: The California Highway Commission, the State Transportation Board, the State Aeronautics Board, and the California Toll Bridge Authority.

The mission of the CTC, adopted December 10, 1987, is to enhance the economic, social and environmental welfare of all California citizens by providing for a comprehensive, multimodal State Transportation System which is consistent and compatible with the orderly economic and social progress of the State. The CTC consists of nine members appointed by the Governor; all appointed to staggered four-year terms, and two non-voting ex-officio members, one from the State Senate and one from the State Assembly.

The Commission is responsible for the programming and allocating of funds for the construction of highway, passenger rail and transit improvements throughout California. The Commission also advises and assists the Secretary of Business, Transportation and Housing Agency and the Legislature in formulating and evaluating state policies and plans for California transportation programs. The Commission is also an active participant in the initiation and development of State and Federal legislation that seeks to secure financial stability for the State's transportation needs.

The Commission is primarily responsible for the following activities:

1. Adopting the biennial five-year state transportation improvement program (STIP) and approving the biennial four-year state highway operation and protection program (SHOPP);
2. Adopting the biennial five-year fund estimate of State and Federal funds expected to be available for the STIP and SHOPP;
3. Allocating State funds for capital projects, consistent with the STIP and SHOPP;
4. Allocating State funds for capital grants from the Aeronautics Account and from the Environmental Enhancement and Mitigation Funds;
5. Adopting guidelines for the development of the STIP and for the development of regional transportation plans;

6. Advising and assisting the Secretary of the Business, Transportation and Housing Agency and the legislature in formulating and evaluating state policies and plans for transportation programs in the state;
7. Adopting and submitting to the Legislature an annual report summarizing major policies and decisions adopted by the commission, identifying timely and relevant transportation issues, and including a discussion of any significant upcoming transportation issues anticipated to be a concern to the public and the Legislature.

#### **ITEM #4: District, SR 125 and Disparity Study Updates**

##### **District 7**

Norma Dorsey reported Audits and Investigation gave a presentation to District 7 on Pre and Post Audit processes. Also, District 7 sponsored California Multiple Award Schedules (CMAS) training November 1, 2006 with the DGS and had approximately 80 small business owners attend. Finally, Ms. Dorsey announced a Procurement Fair to be held in cooperation with District 12 in May 2007

##### **SR 125**

Pat Padilla reported on State Route 125 and announced that \$13 million has been awarded in DBE contracts to date. The project expects to exceed the goal of 15% and the Toll Road is now at 13.9%. Councilmember Hou offered his appreciation to Chair Fonseca for her dedication and commitment to DBE's on SR 125 and stated the project would not have reached this accomplishment without her guidance.

##### **Disparity Study**

Robert Padilla reported the Study is moving forward. He is currently reviewing BBC's Phase I Report, executive summary, legal report and methodology. Currently BBC is collecting contract data from the Districts and Local Agencies. The Study will be completed June 2007.

#### **ITEM #5: Statewide Committee Reports**

##### **CONSTRUCTION:**

Councilmember Llewellyn reported the Construction Committee met the night before.

- See Welcoming Remarks for the Construction Committee report.
- Request a presentation from the Office of Certification on evaluating the personal net worth.

##### **PROFESSIONAL SERVICES:**

Councilmember Lau reported the Professional Services Committee met the night before.

- District 4 continues to look at efforts to break the contract into smaller components;
- Caltrans Resources Project; and
- Attended the Audit and Investigation training in District 7.

## COMMODITIES:

Councilmember Patten reported the Commodities Committee met in the morning.

- District 6 had their first Procurement Fair. Approximately \$552,000 was expended, \$26,000 to DBEs and \$500,000 to small businesses.

Councilmember Guerrero requested certification workshops at Procurement Fairs. The Commodities committee will take this item under consideration.

## **ITEM #6: Public Comment/Good of the Order**

Councilmember LaCome requested a copy of the annual Uniform Report of DBE Commitments/Awards and Payments and the Title VI Annual Element Report.

**Next Meeting: Thursday and Friday, January 11 -12, 2007 in Sacramento**

**Approved by:**

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**OLIVIA FONSECA**  
**Deputy Director, Office of Civil Rights**  
**California Department of Transportation**